7574690/2023/SC-D-GAD01

ABSTRACT

PUBLIC SERVICES – ALL INDIA SERVICES - Allegations of Criminal misappropriation and cheating against Sri A.B. Venkateswara Rao, IPS (AP: 1989), the then Addl. Director General of Police, Intelligence, AP, Vijayawada in connection with the process of procurement of Aerostat and UAV (Security and Surveillance equipment) – Sanction for Prosecution U/s 197 (1) of Cr PC 1973 for the offence punishable U/s 420, 409 r/w 511 IPC – Accorded - Orders – Issued.

GENERAL ADMINISTRATION (SC-D) DEPARTMENT

G.O. Ms. No.66 **Dated. 04.07.2023**

ORDER:

1. WHEREAS, Sri A.B. Venkateswara Rao, IPS (AP:1989), S/o Sri A. Balaswamy worked as Addl. Director General of Police, Intelligence Department, A.P., Vijayawada from 10.07.2015 to 23.04.2019. By virtue of the post held by him, he falls under the category of a Public Servant as defined under section 2(c) of P.C. Act, 1988.

2. AND WHEREAS, on 14th June 2017, Sri A.B. Venkateswara Rao, IPS proposed for the procurement of 20 crores worth equipment, i.e. one Skystar-180 Aerostat at an estimated cost of Rs. 3 crores and one Orbiter-3 at an estimated cost of Rs. 17 crores along with technical specifications and justification in the guise of Modernization of Police Force (MoPF) 2017-18. The Technical specifications were as it is obtained from the website of M/s RT Inflatable objects Ltd., M/s RTLTA Systems Ltd., Israel for Aerostat and Aeronautics Ltd for UAV. Aeronautics Ltd is one of the Board of Directors in M/s RT Inflatables, Ltd.

3. AND WHEREAS, Sri A.B. Venkateswara Rao, IPS got incorporated a company i.e. M/s. Akasam Advanced Systems Pvt. Ltd on 11.7.2017 through his son Sri Chetan Sai Krishna and family friend at the very same time when the proposal for procurement of this product was initiated on 14.06.2017. Subsequently, on 19.12.2017, Sri Rami Shmueli, Managing Director of M/s RT Inflatable objects Ltd., M/s RTLTA Systems Ltd., Israel gave an authorization letter appointing M/s Akasam Advanced Systems Ltd., Vijayawada through Sri Chetan Sai Krishna Aluru from 20.12.2017, having its principal office at Prasoona Enclave, Park Road, LIC colony, Vijayawada, A.P, India 520008, Telephone No. 9014233333 as their lawful representative in India (All regions except the states of Telangana & Andhra Pradesh). But strangely M/s RT Inflatable objects Ltd., has not nominated or appointed any person as their lawful agent for the State of Andhra Pradesh and Telangana.

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4. AND WHEREAS, on 07.07.2017, Sri A.B. Venkateswara Rao, IPS proposed to nominate purchase and technical committee members contrary to the rules so as to tilt decision of the committee favouring Sri A.B. Venkateswara Rao, IPS. Sri A.B. Venkateswara Rao, IPS being a coveted member of service i.e. IPS and who has vast experience and worked as Head of the Department for various Government institutions relating to Police Department during his tenure had the knowledge of CVC Guidelines, General Financial rules etc., to be followed in the process of procurement but deliberately failed to follow.

5. AND WHEREAS, Sri A.B. Venkateswara Rao, IPS forwarded the proposal for the procurement of equipment was aware of the fact that if any technical expert is appointed in any of the committees it would be difficult for him to oblige with the conditions and to evade the situation he deliberately avoided to include any technical expert either in purchase committee or in Technical Committee although it is strictly mandated to include a Technical expert where the value of the procured equipment is more than 10 cores as per GO Ms No.12 Dt. 08-06-2016 of Information Technology, Electronics & Communication (INFRA) Department. Due to non exclusion of Technical person in Technical Committee, things were made easy for Sri A.B. Venkateswara Rao, IPS in compromising with the efficiency of the product by downsizing the specifications in the meeting held on 26.06.2018. Further, the CVC illustrative check points for public procurement No. 10.3 (ii) states that "whether the members of tender evaluation committee are competent enough to deal with the subject matter?". Sri A.B. Venkateswara Rao, IPS willfully did not follow the guidelines as mentioned in GO.Ms.No.12 & CVC Check Points before suggesting the names in the Technical Committee.

6. AND WHEREAS, the State Trading Corporation India Limited (STCIL) floated the 1st tender on 20-2-18 and when technical bid was opened on 10-04-2018 and found that only one bidder M/s RT Inflatable objects Ltd, Israel has participated. As it was single tender again the same tender was refloated by the STCIL 2nd time on the request of the D.G.P., A.P., and bid was opened on 04-06-2018 and again found only one bidder M/s RT Inflatable objects Ltd, Israel has participated. The tender was cancelled as there was no competition, but the tender was opened to know the price bid on 22.06.2018. The price quoted by M/s RT Inflatable objects Ltd., is at Rs. 44.48 Cr.

7. AND WHEREAS, Sri A.B. Venkateswara Rao, IPS used his dominant position forced the procurement process addressed a letter to the D.G.P., A.P., Mangalagiri vide C.No.15/ADGP/INT/Camp/2018, Dt. 21-06-2018 with a request to expedite the process for procuring the above said items in view of forthcoming elections, which discloses that Sri A.B. Venkateswara Rao, IPS has pressurized the process of procurement of UAV and Aerostat. Due to the undue pressure mounted by Sri A.B. Venkateswara Rao, IPS the senior officers were forced to convene a meeting at Police Head Quarters on 22.06.2018 and on 26.06.2018. Sri A.B Venkateswara Rao, IPS though he is not expected to attend the said meeting as he is not a member either in the Purchase Committee or Technical Committee, Sri A.B. Venkateswara Rao, IPS volunteered himself to the meeting held on 26.06.2018 in connection with the procurement of UAV and Aerostat and to refloat the short tender

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For the procurement of above items within period of 3 months. In this meeting the specifications were down sized with a view to suit the specifications of M/s RT Inflatable objects Ltd., in the guise of insufficiency of budget. Two of the Purchase committee members Sri Ch. Dwaraka Thirumala Rao, IPS and Sri Nalin Prabhat, IPS were not present on 26.06.2018 but yet the meeting was concluded by modifying the technical specifications and other terms and conditions. It is pertinent to note that Sri A.B. Venkateswara Rao, IPS attended the meeting dated 26.06.2018 in the absence of I.G.P., S.I.B. and on that date he was senior most officer among all the officers who attended the meeting. Hence, Sri A.B. Venkateswara Rao, IPS willfully towed the line for the procurement from M/s RT Inflatables Ltd, Israel.

8. AND WHEREAS, Sri A.B. Venkateswara Rao, IPS without proper deliberations has submitted revised technical specifications to the DGP, AP, dt.27-06-2018 without approval of full committee, which is evident from the copy of minutes dated 26.06.2018 and statements of Sri Ch. Dwaraka Tirumala Rao, IPS and Sri Nalin Prabhat, IPS where in, they stated that they have signed the proceeding dated 26.06.2018 after two days.

9. AND WHEREAS, the third tender was floated by STCIL on 19.07.2018 and opened on 10.08.2018 in which four companies including M/s RT Inflatable objects Ltd., Israel participated and only M/s RT Inflatable objects Ltd alone cleared the technical specifications. As per financial bid, the rates quoted by L1 – RT Inflatable objects Ltd., Israel are Rs. 25.50 cr. incl. all taxes and dollar fluctuation price. But the actual allotted amount is Rs. 16 crore only. Vide letter dated 24.09.2018, specific remarks of the ADGP, Intelligence Sri A.B. Venkateswara Rao, IPS were called for on the short fall of 9.50 crores. On this Sri A.B. Venkateswara Rao, IPS addressed a letter to the then DGP with a request to utilize the left over budget of Rs.3.37 crores from Intelligence Department for security-related equipment and also requested to identify the less important projects/procurements worth Rs. 4.80 crores which have been approved in the MoPF for the year 2018-19 and consider cancelling them so as to utilize that budget for procurement of UAV and Aerostat. The Rs. 9.50 crores was adjusted from the ungrounded projects/equipment and the proposals were sent to the Government for its approval. Though the above two letters were not signed by Sri A.B. Venkateswara Rao, IPS it is evident from the statement of Sri G. Vijaya Kumar, IPS, the then SP (Admin), Intelligence Department that the letters were forwarded to the Office of DGP, AP as per the directions of Sri A.B. Venkateswara Rao, IPS who is out of town on the dates. Further, the note file for the letter dated 28.03.2019 discloses that Sri A.B. Venkateswara Rao, IPS admitted the fact that the amount ear marked to Intelligence Department was given for the purchase of equipment to fill the short fall budget. With these two letters dated 25.09.2018 and 26.09.2018 it is clear that the project should be awarded to the company for which his son is Indian representative and made sure that procurement of these equipments happens at any cost and to materialize.

10. AND WHEREAS, due to the several follow up letters and deliberate persuasion by Sri A.B Venkateswara Rao, IPS, the DGP, AP has deposited the entire amount to the STCIL and requested to issue Purchase Order in favour of RT Inflatable objects Ltd., Israel. Accordingly, the STCIL placed the Purchase Order on 05-10-2018. On

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11-12-2018, Sri A.B Venkateswara Rao, IPS, the then ADGP, Intelligence has addressed a letter to the DGP, AP with a request to advise the STCIL for immediate necessary action to complete the formalities and to get supply of the equipment without any further delay.

11. AND WHEREAS, thereafter, the then DGP, AP Sri R.P. Thakur, IPS received certain information through his sources that the procurement process was not in accordance with rules and regulations and further on 19.12.2018 the ADGP, Operations Sri Nalin Prabhath, IPS also addressed a letter to the DGP, AP Sri R.P. Thakur, IPS stating that he did not attend any meeting held with the representatives of the said vendor and do not find the responses/clarifications, given in the minutes, correct or adequate. The responses/clarifications are meaningless unless the equipment is subjected to sustained field trails. He appended his signature on page 4 of the minutes sheet dated 26.06.2018 under the impression that the committee had decided to refloat the short tender and not because he agree with the minutes mentioned on pages 2 and 3.

12. AND WHEREAS, the then DGP Sri R.P. Thakur, IPS held detailed discussions with concerned officers. After reviewing the entire correspondence and the administrative and technical lapses occurred, the then DGP, Sri R.P. Thakur, IPS has decided to scrap the above procurement. Accordingly, vide Memo dated 24.12.2018 the ADGP, Int., the Govt. and STCL, Hyderabad was informed about the decision. The various procedural and technical lapses occurred in the tender process including non-conducting of demo of equipment which is mandatory as per tender conditions was brought to the notice of the STCL requesting to cancel the Purchase Order and refund the deposit amount together with interest to the Department without delay. After lot of correspondence, deliberations and review meetings conducted with the STC authorities at Bangalore, at last the STCL has cancelled Purchase Order issued by them to M/s RT Inflatable on 27.03.2019 .

13. AND WHEREAS, even after the Director General of Police of AP issued proceedings dated 24.12.2018 cancelling the purchase order and the STCL cancelled the purchase order issued to M/s RT Inflatable objects Ltd., Israel. Sri A.B. Venkateswara Rao, IPS has sent letter dated 28.03.2019 to the DGP in response to the decision taken for the cancellation of Purchase Order and requested him to review the cancellation of the Purchase Order or to reinitiate the entire process immediately by the O/o DGP to urgently procure the required items mentioned in the cancelled Purchase Order which also clearly discloses the fact that Sri A.B. Venkateswara Rao, IPS, the then ADGP, Int. wanted to give the purchase order to M/s RT Inflatable objects Ltd., Israel in which his son is associated with and facilitate unjust enrichment.

14. AND WHEREAS, Sri A.B Venkateswara Rao, IPS pushed the procurement of the equipment as he was in such a dominant and controlling position of the entire procurement of the surveillance equipment. Further, Sri A.B Venkateswara Rao who had the control of entire procurement process never mentioned to the committees members about his son's association with Israel Company M/s RT Inflatable objects Ltd., Israel. Sri A.B Venkateswara Rao, IPS is a senior grade bureaucrat and he is very well aware of the fact that legally and morally he must disclose his pecuniary or

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otherwise interest to the members of the purchase and technical committees constituted for the procurement of UAV and Aerostat. Contrary to the trust and faith reposed in him, Sri A.B Venkateswara Rao, IPS failed to disclose his & his son's financial interest in the procurement of equipment and effectively prevented from appointing a technical expert in the committees, prevented members of the committee from having demonstration of the equipment.

15. AND WHEREAS, the information collected through emails during the course of investigation from M/s RT Inflatable objects Ltd., Israel and the mail conversation in between M/s RT Inflatable objects, Ltd., Israel and STCIL, Hyderabad discloses the fact that Sri Chetan Sai Krishna Aluru of M/s Akasam Advanced Systems Pvt. Ltd is a lawful representative of M/s RT Inflatable objects ltd., Israel in India and that Sri Chetan Sai Krishna Aluru used to attend to the work as directed by M/s RT Inflatable objects Ltd., Israel with STCIL, Hyderabad.

16. AND WHEREAS, the Email conversation between Sri A.B. Venkateswara Rao, IPS and Sri Rami Shmueli, MD of M/s RT Inflatable objects Ltd.,, Israel establishes that Sri A.B. Venkateswara Rao, IPS is having contacts with Sri Rami Shmueli prior to the procurement proposal of Aerostat and UAV and it continued till placing of the Purchase order which reveals the involvement of Sri A.B. Venkateswara Rao, IPS in the procurement of equipment at his personal level.

17. AND WHEREAS, Investigation also discloses that Sri A.B. Venkateswara Rao, IPS on behalf of his sons company M/s Aksasam Advanced Systems Pvt. Ltd contacted M/s RT Inflatable objects Ltd.,, Israel through email regarding the business activities of his son during the period of procurement of equipment, Sri A.B. Venkateswara Rao, IPS is constantly pursuing the business activity of his son with M/s RT Inflatable objects Ltd., Israel and the son of Sri A.B. Venkateswara Rao, IPS is also informing the business developments with M/s RT Inflatables objects Ltd., Israel to Sri A.B. Venkateswara Rao, IPS from time to time and as such on overall perusal of emails reveals that Sri A.B. Venkateswara Rao, IPS is actively involved and is in constant touch with Rami Shmueli, MD of M/s RT Inflatable objects Ltd., Israel for the purpose of procurement of equipment by AP Police and also for his son's business development.

18. AND WHEREAS, Sri A.B. Venkateswara Rao, IPS in order to derive benefit for his son through such procurement also credited Rs. 35 Lakhs on 31.10.2018 into the account of M/s Akasam Advanced Systems Ltd, Vijayawada for which his son Sri Chetan Sai Krishna is the Director & CEO and the said company was appointed to promote the products of the private firm M/s. RT Inflatable objects Ltd., M/s RT LTA Systems Ltd, Israel in India (except AP and Telangana). In this connection, the Asst. Registrar of Companies, Andhra Pradesh has furnished the details of M/s Akasam Advanced System Pvt. Ltd and it discloses that M/s Akasam Advanced Systems Pvt. Ltd was established on 11.07.2017. The company's Board of Directors consists of two persons namely Sri Chetan Sai Krishna (son of Sri A.B. Venkateswara Rao, IPS) and Sri Aluru Taranadh. On perusal of the annual balance sheet and profit and loss accounts submitted by M/s Akasam Advanced System Pvt. Ltd to ROC revealed

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that the company has not done any business operations between the financial years 2017-18 and 2018-19. As a public servant Sri A.B Venkateswara Rao, IPS was supposed to inform the Government but no such information has been furnished to the Government.

19. AND WHEREAS, Sri A.B. Venkateswara Rao, IPS committed deviations including a) non-appointment of technical expert member to the technical committee, b) kept the DGP, Andhra Pradesh and members of purchase and Technical committee in the dark by not disclosing the fact about M/s Akasam Advanced Systems Pvt. Ltd owned by his son, c) willfully downsized the technical parameters of the equipment to suite the Bid value to Rs. 25 crores and even processed the transfer of Rs. 25.50 crores to the State trading Corporation Limited (STCL) d) Funded the procurement from Intelligence funds to an extent of Rs. 3.37 Cr. for the short fall and e) pressurized the officers working under him and chased the procurement and thereby attempted to facilitate the illegal enrichment of his son through M/s. Akasam Advanced Systems and attempted to misappropriate the funds of public exchequer.

20. AND WHEREAS, in case if procurement of surveillance equipment was fructified in the State of Andhra Pradesh, the son of Sri A.B. Venkateswara Rao, IPS who is CEO of M/s Akasam Advanced Systems Pvt. Ltd, Vijayawada which is an Indian representative for M/s RT Inflatable objects Ltd, Israel would take the advantage of it and show case the same to the organizations of various states in India and obtain purchase orders which inturns would benefit the son of Sri A.B. Venkateswara Rao, IPS with huge pecuniary advantage.

21. AND WHEREAS, had the procurement of equipment was not scrapped by the then DGP, Andhra Pradesh the government of A.P would have lost valuable amount and other subsequent costs arising from the maintenance of the surveillance equipment on account of excluding annual maintenance cost in the procurement of equipment.

22. AND WHEREAS, the entire sequence of events with respect to the procurement of surveillance equipment discloses that Sri A.B. Venkateswara Rao, IPS was having knowledge that the procurement of the equipment from M/s RT Inflatable objects Ltd., Israle in which the son of Sri A.B. Venkateswara Rao, IPS is interested would reap good financial benefit and as such tried his level best and succeeded in getting the bid in favour of M/s RT Inflatable objects Ltd, Israel.

23. AND WHEREAS, the above mentioned acts of Sri A.B. Venkateswara Rao, IPS, the then Addl. Director General of Police, Intelligence Department, Andhra Pradesh, Vijayawada constitutes the offences punishable U/s 13 (1) (c), 13 (1) (d) (ii) r/w Sec. 15 of the prevention of Corruption Act, 1988, Sec. 7 (a), 13 (1) (a) r/w Sec 15 of Prevention of Corruption (Amendment) Act 2018, 420, 409 r/w 511 of IPC.

24. AND WHEREAS, the Government of Andhra Pradesh being the competent au thority to accord sanction for the prosecution of Sri A.B. Venkateswara Rao, IPS, the then ADGP, Intelligence Department, Andhra Pradesh, Vijayawada from service after fully and carefully examining the material placed before the Government

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(i.e. Copies of FIR, Documents, Statements, e-mails and Final Investigation Report of Director General, Anti Corruption Bureau, Andhra Pradesh, Vijayawada) in respect of the aforesaid allegations and having regard to the facts and the circumstances of the case consider that Sri A.B. Venkateswara Rao, IPS, the then ADGP, Intelligence Department, Andhra Pradesh, Vijayawada should be prosecuted in a court of Law.

25. NOW THEREFORE, in exercise of the powers conferred under Sub-Section (1) of Section 197 of Code of Criminal Procedure, 1973 (Act 2 of 1974), the Government of Andhra Pradesh hereby accord sanction for the prosecution of Sri A.B. Venkateswara Rao, IPS, the then ADGP, Intelligence Department, Andhra Pradesh, Vijayawada for the offences punishable under sections 420, 409 r/w 511 of IPC and for any other cognate offence punishable under any other provisions of Law for the time being in force in respect of the aforesaid acts and for taking cognizance of the said offences by a court of competent jurisdiction.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

(Dr. K.S. JAWAHAR REDDY)
CHIEF SECRETARY TO GOVERNMENT

To
The Director General, Anti-Corruption Bureau,
Andhra Pradesh, VIJAYAWADA.
Sc/Sf.